

ORIGINAL

BOLINGER, SEGARS, GILBERT & MOSS

CERTIFIED PUBLIC ACCOUNTANTS

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LUBBOCK, TEXAS 79423-1954



0000107780

January 25, 2010

Docket Control
Utilities Division
Arizona Corporation Commission
1200 West Washington St.
Phoenix, AZ 85007

RE: **APPLICATION OF COLUMBUS ELECTRIC COOPERATIVE FOR APPROVAL OF A RATE INCREASE (DOCKET NO. E-1851A-09-0305)**

Dear Sir or Madam:

Enclosed are the original and fifteen (15) copies of the Rebuttal Testimony of E.L. Moss in the above referenced case.

Respectfully submitted,

Bolinger, Segars, Gilbert and Moss, LLP

By:

E. L. Moss

Arizona Corporation Commission

DOCKETED

JAN 29 2010

DOCKETED BY	<i>[Signature]</i>
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AZ CORP COMMISSION
DOCKET CONTROL

2010 JAN 29 A 9 27

RECEIVED

BEFORE THE ARIZONA CORPORATE COMMISSION
RECEIVED

KRISTIN K. MAYES

Chairman

GARY PIERCE

Commissioner

PAUL NEWMAN

Commissioner

SANDRA D. KENNEDY

Commissioner

BOB STUMP

Commissioner

2010 JAN 29 A 9:27

AZ CORP COMMISSION
DOCKET CONTROL

IN THE MATTER OF THE APPLICATION OF)
COLUMBUS ELECTRIC COOPERATIVE, INC.,)
FOR APPROVAL OF A RATE INCREASE)
_____)

DOCKET NO. E-01851A-09-0305

REBUTTAL

TESTIMONY

OF

E. L. MOSS

Bolinger, Segars, Gilbert & Moss, L.L.P.

Certified Public Accountants

February 3, 2010

Q Please state your name and address.

A E.L. Moss, my business address is 8215 Nashville Avenue, Lubbock, Texas, 79423.

Q By whom are you employed and what is your position?

A I am a partner in the certified public accounting firm of Bolinger, Segars, Gilbert & Moss, L.L.P. I am one of the parties in our firm responsible for the firm's activities before State Regulatory Agencies. My primary areas of activity include financial and rate analysis, long range system planning and various system studies.

Q Please briefly summarize your educational and professional background.

A I graduated from McMurry University, Abilene, Texas, with a Bachelor of Science Degree, with a specialization in accounting. In January 1959, I was employed with the same accounting firm with which I am presently associated; I have been a Certified Public Accountant since July 1961, and have been a partner in the firm since April 1963. I am registered as a Certified Public Accountant in Texas, New Mexico, and Nevada. I am a member of the State Societies of Certified Public Accountants in Texas, New Mexico, and Nevada, and of the American Institute of Certified Public Accountants. I have also served on the Public Utility Accounting Committee of the American Institute of Certified Public Accountants.

Q Please describe the involvement of your firm in the utility industry.

A Our firm is engaged as independent auditor by approximately 75 electric cooperatives located in Texas, New Mexico, Arizona, Nevada, Oklahoma, Florida, North Dakota, Hawaii, and California. We have prepared several Rate Studies and Cost of Service Studies and have appeared in rate matters before State Regulatory Commissions in the States of Arizona, Texas, New Mexico, and Oklahoma.

Q Have you and your firm prepared the APPLICATION OF COLUMBUS ELECTRIC COOPERATIVE, INC. FOR APPROVAL OF A RATE INCREASE filed with this Commission

1 under Docket No. E-0185-A-09-0305?

2 A Yes, we prepared the filing of the application by Columbus in both New Mexico and Arizona.

3 Q What is the status of the filing in New Mexico?

4 A The requested rates, identical to the rates proposed in this filing, were approved and effective in
5 New Mexico on May 20, 2009.

6 Q Have you reviewed the staff testimony of Crystal S. Brown, Candrea Allen, and Prem K.
7 Bahl in this case?

8 A Yes, I have.

9 Q Do you have any comments?

10 A My only comment relates to the testimony of Crystal Brown, and her computation of Operating
11 TIER (Time Interest Earned Ratio) as reflected on her schedule CSB – 1. .

12 Q Please Continue.

13 A The accepted formula for the computation of Operating TIER is the sum of (a) Net Operating
14 Margins (after deducting Interest on Long-Term Debt), plus Interest on Long-Term Debt, divided
15 by (b) Interest on Long-Term Debt.

16 Ms. Brown's computation of Operating TIER on her schedule CSB – 1 included (a) the sum of
17 Operating Margins before Interest on Long-Term Debt, plus Interest on Long-Term Debt, divided
18 by (b) Interest on Long-Term Debt.

19 Q What is the difference in the above computation?

20 A Ms. Brown's computation results in an Operating TIER of 2.41, as opposed to a TIER of 1.41, as
21 reflected by Schedule ELM – 1 included in this testimony.

22 Q Have you discussed this matter with Ms. Brown?

23 A Yes, and she has agreed that the computation as presented on Schedule ELM – 1 is the correct
24 computation of Operating TIER of Columbus as proposed in this case.

Columbus Electric Cooperative, Inc.
Docket No. E-01851A-09-0305
Test Year Ended December 31, 2008

Schedule ELM - 1

Operating TIER (Times Interest Earned) Computation

	<u>PER STAFF</u>	<u>PER COOP</u>
Proposed Operating Margins Before Interest on LT Debt	\$ 869,371	\$ 869,371
Interest on LT Debt		618,238
Net Margins After LTD Interest - Net Operating Margins		\$ 251,133
Operating TIER Computation:		
Net Operating Margins		\$ 251,133
Interest on LT Debt	\$ 618,238	618,238
Total Operating Margins + Interest on LT Debt	(a) \$ 1,487,609	\$ 869,371
Interest on LT Debt	(b) \$ 618,238	\$ 618,238
TIER (c) = (a) / (b)	(c) 2.41	1.41

AFFIDAVIT

THE STATE OF TEXAS

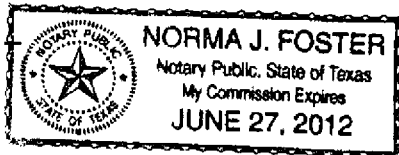
COUNTY OF LUBBOCK

Before me, the undersigned notary public, personally appeared E.L. MOSS, who being by me first duly sworn on oath deposes and says that the foregoing Rebuttal Testimony and statement of fact contained therein are true and correct to the best of his knowledge and belief.

E. L. Moss

—
E.L. MOSS

Subscribed and sworn before me this 22nd day of January, 2010.
to certify which witness my hand and official seal of office.



Norma J. Foster
Notary Public – Lubbock County, Texas

My Commission expires June 27, 2012